



U.S. Immigration
and Customs
Enforcement

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News Release

DEFENDANT FACES 18-COUNT INDICTMENT IN FIRST JOINT CRIMINAL INTELLECTUAL PROPERTY INVESTIGATION BY U.S., CHINA

WASHINGTON, D.C. — Randolph Hobson Guthrie III was arraigned in U.S. District Court in the Southern District of Mississippi on charges resulting from the first joint United States-China intellectual property criminal investigation, the Department of Justice, the U.S. Attorney's Office for the Southern District of Mississippi, and U.S. Immigration and Customs Enforcement (ICE) announced today.

Guthrie, 38, a U.S. citizen, was arrested in Shanghai last July and was brought to the United States earlier this month. A bond hearing was held in U.S. District Court for the Central District of California after which Guthrie was released on a secured \$1 million bond. His release was further conditioned upon surrendering his passport and submitting to home confinement with electronic monitoring. Guthrie was ordered to appear in federal court in Mississippi to face the charges in the criminal indictment.

The 18-count indictment is the product of "Operation Spring" — a joint criminal law enforcement effort between ICE agents and Chinese law enforcement authorities first launched in September 2003. The indictment alleges that Guthrie was the ringleader in a conspiracy to import more than 2,000 DVD's containing unauthorized copies of motion pictures. The indictment charges Guthrie with criminal copyright and trademark infringement, illegally importing infringing goods, and money laundering. The Department is seeking forfeiture of over \$1 million in profits Guthrie made during the course of his illegal enterprise, which caused the illegal reproduction and distribution of hundreds of thousands of copyrighted works throughout the world. Nine of the charges carry a maximum sentence of five years each, six of the counts carry a maximum sentence of 10 years, and the money-laundering count carries a maximum sentence of up to 20 years.

“This unprecedented joint law enforcement operation sends a clear message to criminals here and abroad that intellectual property crime will not be tolerated anywhere in world,” said Assistant Attorney General Alice Fisher. “We will not be stopped by international borders in our vigorous pursuit of the technological pirates who steal products and profit from hard-working Americans.”

“What began with counterfeit DVD’s being sold at a Harrison County Flea Market in Pass Christian, Mississippi, resulted in the first-ever joint intellectual property criminal investigation between the U.S. and the People’s Republic of China,” said U.S. Attorney Dunn Lampton. “The protection of intellectual property rights is of vital concern to our nation and success in this area will not be achieved without further coordinated investigations of this kind.”

“As the first joint counterfeiting investigation by ICE and Chinese authorities, this landmark case will serve as a roadmap for future intellectual property investigations,” said New Orleans ICE Special Agent-in-Charge Michael A. Holt.

The investigation, initiated by the ICE Resident Agent-in-Charge in Gulfport, Miss., grew to include the ICE Attaché in Beijing, China; the ICE Special Agent-in-Charge office in Houston; and the National Intellectual Property Rights Coordination Center. Based on information agents obtained during the course of their investigation concerning criminal activities occurring in China by Guthrie and others, ICE agents contacted Chinese law enforcement authorities shortly after Operation Spring was launched, leading to a partnership with the Shanghai Public Security Bureau of the Economic Crime Investigation Department of the Chinese Ministry of Public Security.

As a result of this unprecedented joint effort, Guthrie, along with three co-conspirators — including two Chinese nationals and another U.S. national — was convicted in April 2005 in the Supreme People’s Court in China for selling more than 133,000 pirated motion picture DVD’s to customers in over 20 countries around the world. Guthrie was sentenced to 30 months in Chinese prison, a fine of approximately \$60,000 and deportation after serving his term.

Chinese law enforcement authorities seized more than 210,000 pirated motion picture DVDs and approximately \$67,000 in U.S. currency, as well as 222,000 in Chinese Renminbi (RMB) currency. Chinese authorities also located and destroyed three warehouses that were being used to store counterfeit motion picture DVD’s for distribution around the globe, including to the United States.

Special thanks were given to Assistant U.S. Attorney Jay Golden, ICE Resident Agent-in-Charge Steve Thomas, Case Agent Alan Prejean, and ICE undercover agents for their dedicated efforts. The U.S. Department of State and ICE Intellectual Property National Program Coordinator Nancy Sherman of the National Intellectual Property Rights Coordination Center in Washington, D.C. were also involved in this case.

The charges contained in the indictment are merely accusations and the defendant is presumed innocent unless and until proven guilty in a court of law.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.